

Statewide Purchasing Card Policy



Department of Administrative Services

State Purchasing Division

Revised: July 1, 2009

Table of Contents

I.	Program Overview	5
II.	Use of the Purchasing Card for Personal Purchases Prohibited	5
III.	Statewide Program Administration	6
A.	State Purchasing Card Policy.....	6
B.	State Cards Program Manager.....	6
C.	Process Improvement and Audits.....	7
D.	Professional Development.....	7
IV.	State Entity Program Roles and Responsibilities	7
A.	Card Program Administrator Responsibilities.....	8
B.	Supervisors / Approving Officials.....	10
C.	Cardholders.....	11
V.	Use of the Card	12
A.	Allowable Purchases	12
B.	Prohibited Purchases	13
C.	Declared Emergencies and Natural Disasters.....	14
D.	Sole Source / Sole Brand Purchases.....	14
E.	Exempt Purchases.....	14
VI.	Program Compliance.....	15
A.	Merchant Category Code Authorizations	15
B.	Internal Controls	15
C.	Cardholder Spending (Credit) Limits.....	16
D.	Number of Transactions per Day (Optional).....	16
VII.	Legal Issues	17
A.	Failure to Comply with Laws, Policies, and Procedures.....	17
B.	Cardholder Background Checks	17
C.	Cardholder Credit Checks	18
D.	Competitive Solicitation.....	18
E.	Payment of State Sales and Use Tax.....	19
F.	Records Retention Requirements.....	19
G.	Internal Revenue Service 1099 Reporting	19

State of Georgia

Purchasing Card Policy

I. Program Overview

The State of Georgia Purchasing Card (P-Card) is a charge card designed to enable authorized, full-time State of Georgia employees to make small value purchases of supplies, materials, equipment, and services for State business use. The program streamlines payments by eliminating the administrative burdens and costs associated with traditional methods of payment.

The P-Card Program (Program) utilizes a VISA® purchasing card issued by Bank of America (Bank) pursuant to a contract awarded to the Bank by the Department of Administrative Services (DOAS) State Purchasing Division in July 2005. The P-Card can only be used for official State of Georgia business and must be surrendered upon termination of employment for any reason or upon demand by the State of Georgia or by the cardholder's employer.

This P-Card is the only purchasing card authorized for use by employees of any State Agencies, the Board of Regents, Colleges, Universities, and technical schools, referred to as "State Entity", "Entity", "Entities", or "Program users" in this policy.

All Entities are required to use the Works™ Payment Manager (Works™) system provided by the Bank, or other system approved by State Purchasing Division, for card administration and monthly billing statement reconciliation. (Exception: Entities utilizing Team Georgia Marketplace™ will reconcile P-Card transactions with the PeopleSoft application integrated into Team Georgia Marketplace™; for Team Georgia Marketplace™ participants only, Works™ is not required.)

The terms of the contract with Bank of America also permit State Authorities and Commissions, local governments (counties), and municipalities ("Local Entities") to use the program. DOAS recommends that local entities participating in the program adopt and adhere to this Statewide Purchasing Card Policy; however, DOAS also recognizes that local governments are ultimately accountable not to DOAS but to the county Boards of Commissioners, city councils, or other governing bodies which approve local government budgets and oversee local government financial affairs. Accordingly, it is the responsibility of the appropriate governing body to put into place a purchasing card policy and ensure their local entity adheres to that policy.

The State Cards Program Manager approves all participation in the program.

All card program official forms mentioned in this policy can be found on the State Purchasing Division web site at <http://statepurchasing.doas.ga.gov>. The versions on the web site will always be the latest versions.

II. Use of the Purchasing Card for Personal Purchases Prohibited

Under no circumstances is a cardholder permitted to use the P-Card for personal purchases. Using the P-Card for personal purchases may result in disciplinary action, up to and including

termination from State employment and criminal prosecution. The Official Code of Georgia, Annotated (O.C.G.A.), §50-5-80 states that any cardholder who knowingly uses the card for personal purchases under \$500 is guilty of a misdemeanor. A cardholder who knowingly uses the card for personal purchases of \$500 or more is guilty of a felony punishable by one to 20 years in prison. Supervisors or other approving officials who knowingly, or through willful neglect, approve personal or fraudulent purchases are subject to the same disciplinary actions as cardholders.

Criminal background checks are to be done on all cardholders as explained in Section VII, Legal Issues, paragraph B, of this Policy.

III. Statewide Program Administration

A. State Purchasing Card Policy

The DOAS State Purchasing Division (SPD) administers the contract on a statewide level. In this capacity, SPD personnel serve as resources for all program users in the areas of policy development and implementation, day-to-day administration of the program on a statewide level, audit, staff development, and cardholder training.

SPD has developed this State Purchasing Card Policy (Policy) to establish minimum standards for use of the P-Card in order to ensure compliance with all applicable State laws pertaining to purchasing as contained in the Georgia Procurement Manual (GPM), issued by SPD. The version of the Policy posted on the SPD web site will always be the official Policy governing the P-Card program. The effective date of the policy will be in the footer of the document. SPD will maintain an archive of previous versions of the Policy, which will be available upon request should the need arise.

B. State Cards Program Manager

The DOAS State Cards Program Manager will:

1. Develop the State Purchasing Card Policy.
2. Review the Policy at least annually to ensure that it is in keeping with “best practices” in the purchasing card industry and that it allows participants in the Program to utilize the P-Card to its utmost advantage in the procurement process within sufficient control guidelines.
3. Work with other areas of SPD and with other Program users to determine new ways that the P-Card can be used within legal and Policy requirements.
4. Serve as a central point of contact on all issues of policy and procedure. This position is the official liaison between the Bank and all Program users.
5. Communicate all Program and Policy changes to Program users.
6. Review or assign a designee to review all requests for exceptions to this Policy and decide on the appropriateness of each request.
 - i. Approvals for the following policy exceptions are coordinated through the local Card Program Administrator once original approval is granted by the State Cards Program Manager:
 - (a) Increases in spending limits above State-mandated levels

- (b) Approval to use the P-Card to pay for vehicle repairs and maintenance
 - (c) Permanent activation of a Merchant Category Code
 - ii. All other types of policy exceptions must receive prior, written approval from the State Cards Program Manager or his or her designee for each occurrence
- 7. Develop and maintain statewide Program forms.
 - 8. Collaborate with the DOAS Professional Development unit to develop and maintain statewide training materials and manuals.

C. Process Improvement and Audits

- 1. The DOAS Process Improvement and Audits unit conducts periodic reviews of the programs at Entities under SPD purchasing authority. Reviews take a risk-based approach and focus on the level of compliance with State Policy, adequacy of and compliance with internal policies and procedures, and evaluation of internal controls.
- 2. The unit issues reports providing an assessment of the Program, makes recommendations for improvement when warranted, and works with the Program personnel to implement action plans to make corrections or other improvements to the Program.
- 3. In those cases where it is determined that internal controls are not adequate, Process Improvement and Audits has the authority to require policy improvements and/or place other restrictions on the local card program until such controls are developed, documented, and implemented.

D. Professional Development

- 1. The DOAS Professional Development unit assists in developing and delivering training on the P-Card Program on a statewide basis.
- 2. The Bank is responsible for the implementation and initial training on the Works™ system. The DOAS Professional Development unit will provide additional training in the system as needed.
- 3. Collaborate with the State Cards Program Manager and with DOAS Process Improvement to develop training materials for administrators, supervisors, cardholders, and auditors.

IV. State Entity Program Roles and Responsibilities

The Agency Procurement Officer (APO) or the College/University Procurement Officer (CUPO) serves as the official liaison between the Entity and the State Cards Program Manager for all matters related to the local Program. This individual usually serves as the Purchasing Card Program Administrator (Administrator), although any or all of the following administrative responsibilities may be delegated to one or more Card Program Coordinators, depending on the size and complexity of the local program.

A. Card Program Administrator Responsibilities

1. Program Administration

- i. Develop the internal policy governing the use of the P-Card, to include, the following minimum requirements:
 - (a) Ensure compliance with the State Purchasing Card Policy;
 - (b) Provide for unique needs based on mission;
 - (c) Define responsibilities of Program personnel;
 - (d) Define criteria for obtaining a P-Card;
 - (e) Define acceptable use of the P-Card that cannot be less restrictive than State Purchasing Card Policy;
 - (f) Provide a method for reporting suspected misuse or fraudulent use;
 - (g) List in detail consequences of misuse or fraudulent use;
 - (h) Create a provision for review of the internal policy for adequacy at least annually; and
 - (i) Create a provision for audit or other independent review of all areas of program administration and transactions at least annually.
- ii. Work with management throughout the organization to determine the appropriate spending limits for the Program as a whole and for individual cardholders based on budget constraints, cardholder job responsibilities, historical spending patterns, and overall procurement practices.
- iii. Register as Card Program Administrator with State Cards Program Manager using Form SPD-CC001, Designation of Card Program Administrator. After initial registration, notify State Cards Program Manager of any changes in local Program Administrator information using Form SPD-CC001, Designation of Card Program Administrator.
- iv. Designate the following Program administrative positions as needed and ensure coordination among the positions:
 - (a) Card Program Coordinators;
 - (b) Electronic Contact to handle data transmission matters; and
 - (c) Settlement Contact to handle monthly payment matters.
- v. Work with management to identify job titles/positions within the organization that require a P-Card or that would be good candidates for use of the P-Card.
- vi. Develop written internal procedures for requesting P-Cards and approving cardholders. The appropriate form is the Purchasing Card Profile, Form SPD-PC002.

2. Program Compliance

- i. Establish written procedures to ensure compliance with, or request exceptions to, State purchasing laws and regulations, the Georgia

- Procurement Manual, the State Purchasing Card Policy, and the internal purchasing card policy.
- ii. Coordinate any exceptions to the State Purchasing Card Policy with the State Cards Program Manager or his or her designee.
 - (a) Initiate all requests using the Special Approval Request, Form SPD-PC003.
 - (b) Document review of the status of all exceptions on an annual basis to determine if the exceptions should still be granted and notify SPD of any revocations.
 - iii. Ensure that the Entity has sufficiently documented internal controls and other measures (e.g. audits) to prevent and/or detect misuse or fraudulent use of the P-Card.
 - iv. Establish written procedures to ensure security over P-Card account information to include:
 - (a) Ordering and receiving new and replacement cards;
 - (b) Reporting lost or stolen cards to the Bank and to the Program Administrator and/or Coordinator(s);
 - (c) Collecting and destroying cards when cardholders transfer to jobs not requiring a P-Card, resign, or are terminated; and
 - (d) Canceling cards in the Works™ system immediately upon notification of theft/loss of the card or upon termination of cardholder's employment for any reason.
 - v. Establish written procedures to ensure that misuse or fraudulent use of the P-Card is documented. Minimum requirements include:
 - (a) Documentation of the transaction (e.g. copies of receipts, invoices);
 - (b) Evidence of who conducted the transaction, who approved the transaction, and when and how the misuse or fraud was discovered;
 - (c) Documentation of personnel actions taken (e.g. cardholder was terminated); and
 - (d) Notifying the Bank immediately when fraud or card misuse occurs in order to properly meet the Bank's guidelines regarding Bank reimbursement of transactions related to fraud or card misuse.
3. Appropriate limits on the number of cardholders assigned to a supervisor or approving official in order to ensure adequate review of business need and documentation (transaction logs, receipts/invoices, and monthly billing statement) for each purchase.
4. Training – Develop an Entity-specific training program for all cardholders and supervisors/approving officials to include:
- i. Mandatory Cardholder Agreement specifying terms and conditions for use of the card;
 - ii. State Purchasing Card Policy;
 - iii. Internal purchasing card policy;

- iv. User manual; and
- v. Familiarity with all forms, including the Sales and Use Tax Exemption form and transaction log.
- 5. Using the P-Card
 - i. Establish written internal procedures covering how to use the P-Card, including telephone, fax, and Internet orders, in order to maintain security over P-Card account information.
 - ii. Monitor cardholder accounts for inactivity and close accounts that are no longer needed.
 - iii. Establish written internal procedures for compliance with State Policy regarding documentation of transactions.
- 6. Accounting Requirements
 - i. Designate the storage location for all original transaction documentation.
 - ii. Establish billing discrepancy procedures, including disputed transactions.
 - iii. Establish reconciliation procedures between cardholders, supervisors/approving officials, and Accounts Payable to ensure timely payment of the corporate monthly billing statement.

B. Supervisors / Approving Officials

Supervisors or other persons assigned the responsibility of reviewing cardholder transactions must have a thorough knowledge of the job responsibilities of the cardholders under his/her supervision in order to determine if purchases are reasonable in terms of types of purchases made. Before approving the purchasing card log and/or monthly billing statement, the supervisor must carefully review all documentation.

Supervisor responsibilities include:

- 1. Maintain knowledge of State Purchasing Card Policy and internal policies and procedures on use of the P-Card.
- 2. Request P-Cards for employees under his/her supervision.
- 3. Notify the Program Administrator when a cardholder resigns, transfers, or is terminated from employment.
- 4. Monitor transactions and card activity to ensure that all purchases are for legitimate State business use.
- 5. Review all documentation to ensure:
 - i. Invoices/receipts and transaction logs have the required information;
 - ii. State Sales and Use Tax was not charged;
 - iii. Purchases were for legitimate State business use;
 - iv. Transaction logs and cardholder monthly billing statements contain the cardholder's original signature;
 - v. Sign the monthly billing statement and/or the cardholder transaction logs signifying review and approval for payment. This responsibility cannot be delegated to another person;

- vi. All signatures must be original signatures. Signatures made with rubber stamps are prohibited;
- vii. Submit all documentation and monthly billing statements for payment according to internally established procedures to ensure timely payment of the corporate billing statement.

C. Cardholders

All cardholders are de facto purchasing agents for the State of Georgia and their individual employers. Accordingly, all cardholders must have a minimum understanding of State purchasing laws, State Purchasing Division rules and regulations as contained in the Georgia Procurement Manual, and internal purchasing rules. Cardholders must also be familiar with the provisions of O.C.G.A. §45-10-1 et seq. regarding State Employee Code of Ethics and Conflicts of Interest.

Cardholder responsibilities include:

- 1. Maintain security of the account number, expiration date, and security code at all times.
- 2. Maintain knowledge of State Purchasing Card Policy and internal policies and procedures.
- 3. Ensure all purchases are allowable purchases according to State and internal purchasing card policies.
- 4. Ensure all purchases comply with purchasing requirements of the Georgia Procurement Manual concerning Order of Precedence and Competitive Bidding.
- 5. Obtain “best value” for the State when making purchases with the P-Card.
- 6. Maintain all documentation required by State and internal purchasing card policies. Minimum documentation requirements are:
 - i. Monthly or weekly transaction log as determined by the Program Administrator and purchasing volume;
 - ii. Itemized receipt or invoice;
 - (a) If receipt has been lost and a duplicate cannot be obtained, the local PA can determine if internal policy will allow use of the Lost Receipt Affidavit, Form SPD-PC005. If allowed, a single cardholder can use the form no more than three times in one fiscal year.
 - (b) Use of the form more than three times in one fiscal year will result in suspension of card privileges.
 - iii. Monthly billing statement sent to the cardholder from the Bank.
- 7. Sign the transaction log and the monthly billing statement. All signatures must be original signatures. Signatures made with rubber stamps are prohibited.
- 8. Submit all documentation to the supervisor or other approving official by internally established deadlines in order to ensure timely payment of the monthly billing statement.

V. Use of the Card

This Policy establishes appropriate and inappropriate uses of the card. All purchases made with the P-Card must be for official State business. Internal policies governing use of the card can be more, but not less, restrictive than State Policy.

Only the employee whose name appears on the face of the P-Card is authorized to initiate transactions with the card. Use of the card by any other person is considered misuse of the card, even if the purchase is for legitimate State business.

Use of the card for personal purchases is strictly prohibited and will result in disciplinary action, including termination of employment and criminal prosecution.

A. Allowable Purchases

The P-Card can be used for small value purchases of supplies, materials, equipment, or services, where not otherwise prohibited or restricted. All purchases must be within cardholder assigned spending limits unless prior, written approval is received to exceed these limits. Card Program Administrators can manage spending limits up to \$5,000 without approval from SPD. Any Single Transaction Limit of \$5,000 or more for Open Market Purchases must receive prior written approval from the State Cards Program Manager using the Special Approval Request, Form SPD-PC003.

Allowable purchases are:

1. Equipment – Single units under \$1,000 for State Agencies, Commissions, or Boards, and under \$3,000 for colleges and universities under the authority of the Board of Regents. Agency policy must address inclusion in or exclusion of specific types of equipment from any asset inventory systems. (Exception: Entities utilizing Team Georgia Marketplace™ may exceed these thresholds as Team Georgia Marketplace™ allows for the flagging of purchases for the asset inventory system in PeopleSoft. Those state entities not utilizing Team Georgia Marketplace™ must obtain written approval from the State Cards Program Manager or his/her designee prior to the purchase in order to exceed these thresholds.)
2. Supplies and materials up to the cardholder's approved Single Transaction Limit and/or approved cycle limit.
3. Single purchase of supplies and materials over \$5,000 provided:
 - i. For purchases from Statewide Contract (SWC), Agency Contract, or mandatory source:
 - (a) No prior approval from the State Cards Program Manager is needed to exceed \$5,000. Changes to single transaction limits and monthly cycle limits may be made to accommodate these purchases at the discretion of the P-Card Program Administrator.
 - (b) Documentation must include reference to the SWC or Agency contract number.
 - ii. For Open-Market Purchases:
 - (a) Purchase has been competitively bid using eQuote, the Georgia Procurement Registry, or other electronic solicitation tools; and
 - (b) Cardholders have prior, written approval from the local Program Administrator, his/her supervisor, and the State Cards Program

Manager using Form SPD-PC003, Purchasing Card Special Approval Request, to exceed the State Single Transaction Limit (STL); and

- (c) Documentation must include a reference to the solicitation number.
- 4. Airline tickets and vehicle rentals for State personnel traveling on official State business as defined in the State Travel Regulations published by the State Accounting Office and the Office of Planning and Budget.
- 5. Special approval is not needed for the following types of purchases, within approved spending limits, for Colleges, Universities, and technical schools when such purchases are for official student activities:
 - i. Food and lodging for student activities (but not faculty, staff, coaches, other school employees, volunteers, or other persons not related to the school) when on official school business (e.g. athletic team travel). Documentation must follow guidelines for “group meals” in the State Travel Regulations:
 - (a) Itemized receipt showing all meals purchased
 - (b) Roster of participants showing name and signature of each student (for activities not open to the entire campus – e.g. athletic teams, student clubs)
 - (c) Copy of team schedule or other documentation showing that the meal was an authorized student activity
 - ii. Food for official research, laboratory animals, or instructional (classroom) use.
- 6. Food provided for consumption at events or services provided to the general public, state benefit recipients and/or state program participants (other than State employees), or purchased for resale in gift shops, bookstores, etc., and other non-employee meal related use.
- 7. Purchases of goods or services intended for official State of Georgia work-related use which are not otherwise excluded in the Prohibited Purchases section.

B. Prohibited Purchases

The following types of purchases are strictly prohibited by State policy. No exceptions will be granted unless otherwise indicated. This list must be included in lists of prohibited purchases in policies at the local program level:

- 1. Personal purchases of any kind (Personal purchases are defined as purchases of goods or services intended for non-work related use or use other than official State business.)
- 2. Cash advances including use of the card or card number at Automated Teller Machines (ATMs), inside bank branches or at cash advance, quasi-cash and money transfer locations such as Western Union, Telecheck, etc.
- 3. Gift cards, stored value cards, calling cards, pre-paid cards or similar products
- 4. Employee travel expenses, including lodging, transportation, and meals, except as specifically covered under Allowable Purchases

5. Entertainment, including in-room movies, except as specifically covered under Allowable Purchases
6. Alcoholic beverages
7. Tobacco products
8. Fuel, repairs, and maintenance of State-owned or rental vehicles (exceptions can be granted upon verification of procedures to enter costs into Maximo, the State's fleet management system administered by the DOAS Office of Fleet Management)
9. Professional services as defined in O.C.G.A. §14-7-2(2)
10. Food for consumption by State employees unless the purchase qualifies as a "group meal" according to the State Accounting Office Group Meal Policy

C. Declared Emergencies and Natural Disasters

The GPM grants authority to forego standard procurement requirements for needs arising from unforeseen causes. In cases involving the welfare of the general public, extreme weather conditions, or official declared emergencies, the Program Administrators are allowed to obtain after-the-fact approval for exceptions to this Policy.

1. The Program Administrator must submit the Form SPD-PC003, Special Approval Request, to notify the State Cards Program Manager within 72 hours of any actions taken in response to these emergencies and the nature of the actions taken.
2. Documentation for transactions must follow guidelines for emergency purchases as contained in the Georgia Procurement Manual, including use of Form SPD-NI005, Emergency Justification Form, available in the SPD Official Forms section of Agency Resources on the State Purchasing Division web site.

D. Sole Source / Sole Brand Purchases

The P-Card may be used for purchases resulting from sole source or sole brand acquisitions provided those goods/services are not identified in the prohibited subsection. Guidelines for Sole Source and Sole Brand purchases are found in the Georgia Procurement Manual.

1. Any request for a Single Transaction Limit of \$5,000 or more that would qualify as a Sole Source and/or Sole Brand must include Form SPD-NI003a, Sole Brand Justification, or Form SPD-NI004a, Sole Source Intent to Award Justification, or both as applicable.
2. These forms, and instructions for use, are available on the State Purchasing Division web site. These forms must also be attached to the transaction log and/or monthly billing statement as documentation for the transaction.

E. Exempt Purchases

The P-Card may be used to purchase exempt goods/services (a list of exemptions is provided in Chapter 2 of the Georgia Procurement Manual) to the extent those exempt goods/services are not identified in the prohibited subsection.

VI. Program Compliance

A. Merchant Category Code Authorizations

Merchant Category Codes (MCC's) are assigned by a merchant's or vendor's merchant bank based on the type of goods or services that merchant or vendor typically provides. Allowing or blocking certain MCC's, while not a fail-safe protection against unauthorized use of the card, does provide a measure of protection against unauthorized or prohibited purchases.

1. The State Cards Program Manager establishes the State-authorized MCC groups that will be available to all Entities. Only those MCC's associated with merchants that provide the goods and services specifically allowed by this Policy are eligible for inclusion in State-authorized groups. Transactions at non-authorized MCC's are denied at the point-of-sale.
2. The State Cards Program Manager will conduct periodic evaluations of authorized MCC's in order to maximize appropriate use of the P-Card. The Program Manager will consult with other procurement and card program personnel within State Purchasing Division and/or outside State Purchasing Division when establishing or modifying these groups.
3. Entities can request activation of additional MCC's for inclusion in a State-authorized group and/or approval to create an MCC group to meet specific needs. Program Administrators can request prior, written approval for exceptions to this policy using Form SPD-PC003, Special Approval Request.

B. Internal Controls

Each Entity's internal purchasing card policy must establish an internal control structure that ensures compliance with State purchasing laws, State Purchasing Division rules and regulations as found in the Georgia Procurement Manual, State Purchasing Card Policy, and internal policy.

Internal controls must include:

1. Appropriate separation of duties between making transactions (cardholders), review and approval of transactions for payment (approving officials), and payment of the monthly billing statement (Accounts Payable).
2. Weekly independent review of all card maintenance activity if the Card Program Administrator is also a cardholder.
3. Appropriate hierarchical review and approval of purchases by someone with supervisory authority over the cardholder and/or with the authority to question purchases if needed.
4. No cardholder can provide approval for payment for his/her transactions or of the corporate monthly billing statement. Review and approval responsibilities cannot be delegated to someone else.
5. Appropriate limits on the number of cardholders assigned to a supervisor or approving official in order to ensure adequate review of business need and documentation (transaction logs, receipts/invoices, and monthly billing statement) for each purchase.

6. Provision for an annual independent audit or review of the purchasing card program by the Card Program Administrator, Internal Audit unit, or other unit assigned audit responsibilities. Reviews must address:
 - i. Adequacy of internal policies and procedures;
 - ii. Appropriateness of cardholder spending limits;
 - iii. Adequacy of review, reconciliation, and payment procedures; and
 - iv. Adequacy of documentation for transactions.

C. Cardholder Spending (Credit) Limits

Spending limits enable management to provide cardholders with the purchasing power to accomplish the needs of the job without exposing the State or the organization to unnecessary risk. Spending limits should be based on job responsibilities of the cardholder and/or of the job title. Cardholder spending limits must be reviewed at least annually to determine that actual usage is consistent with spending limits.

Spending limits that are available are:

1. Cycle (Credit) Limit – The cycle limit is a mandatory spending limit that restricts the amount of purchases a cardholder can make in one billing cycle.
 - i. The cycle limit cannot be less than the cardholder's Single Transaction Limit.
 - ii. A cardholder's cycle limit cannot be more than \$25,000 without prior, written approval from the State Cards Program Manager.
 - iii. Please see Section IV.A.1.ii for guidance establishing a cycle limit per cardholder.
2. Single Transaction Limit (STL) – The STL is a mandatory spending limit imposed on each cardholder account.
 - i. A cardholder's STL must be less than \$5,000. The local Program Administrator can establish organization-wide and/or individual spending limits less than this, as determined by overall procurement and card program goals.
 - ii. Program Administrators can grant approval for individual limits greater than or equal to \$5,000 for purchases from Statewide Contracts (SWC), Agency contracts, or mandatory sources since the bid process has already been conducted.
 - iii. Program Administrators must request prior, written approval from the State Cards Program Manager for all other STL's greater than or equal to \$5,000 with documentation of appropriate competitive bid procedures, including use of eQuote and/or the Georgia Procurement Registry (GPR).
3. Number of Transactions per Day (Optional) - Management can choose to impose a maximum number of transactions on a cardholder account in order to control use of the P-Card.

D. Card Issuance Requirements

1. Issuance is limited to one Purchasing Card per cardholder.

2. Cardholders must be full-time State employees. There will be no exceptions to the following:
 - i. Cards will not be issued to part-time employees, temporary workers, or contractors.
 - ii. Cards will not be issued in the name of a Department or work unit to be shared by multiple employees.
 - iii. Cards will not be issued to employees of foundations associated with any Entity.
3. An employee's supervisor and the local Card Program Administrator must approve a cardholder's application for a P-Card. The appropriate P-Card application form is Form SPD-PC002, Purchasing Card Profile, or approved equivalent that contains at least the same information.
4. All training requirements as described in this Policy must be met before an employee receives the P-Card.

VII. Legal Issues

A. Failure to Comply with Laws, Policies, and Procedures

Cardholders or supervisors/approving officials who knowingly, or through willful neglect, fail to comply with the following may be subject to suspension or termination of card privileges or other disciplinary action, up to and including termination of employment and criminal prosecution to the fullest extent of the law.

1. Official Code of Georgia, Annotated (O.C.G.A.), sections related to governmental purchasing
2. Applicable requirements of the Georgia Procurement Manual
3. State Purchasing Card Policy
4. Internal policies and procedures governing procurement and the Purchasing Card Program.

The State Cards Program Manager and State Purchasing Division reserve the right to withdraw any authority or delegated approval due to non-compliance with applicable laws, rules, regulations, policies, and procedures, or the terms of any conditional approval.

B. Cardholder Background Checks

O.C.G.A. §50-5-83(b)(12) requires criminal background checks on all employees hired for positions that are eligible for P-Cards.

1. Existing Cardholders as of July 1, 2008:
 - i. Agencies and Institutions must establish a schedule of criminal background checks for existing cardholders as of July 1, 2008, to ensure that backgrounds are checked prior to the next renewal date of the individual P-Cards.
 - ii. If any criminal background check against existing cardholders reveals any misdemeanors or felonies related to financial wrongdoing, theft, or

other act of dishonesty, the cardholder's privileges are to be terminated immediately and notification sent to the State Cards Program Manager.

2. New Cardholders after July 1, 2008:
 - i. For new cardholders after July 1, 2008, prior to receiving a P-Card, each Agency or Institution must perform criminal background checks on the prospective cardholders.
 - ii. If any background check of new cardholders after July 1, 2008, reveals any misdemeanors or felonies related to financial wrongdoing, theft, or other act of dishonesty, the employee is not eligible to receive a P-Card.

C. Cardholder Credit Checks

In addition to background checks for new and current cardholders, O.C.G.A. §50-5-83(b)(12) also requires credit checks on all employees issued a purchasing card after July 1, 2008.

D. Competitive Solicitation

1. O.C.G.A. §50-5-69 requires competitive bidding for all open-market purchases anticipated to be \$5,000 or more. Use of the P-Card as a method of payment does not relieve the cardholder or the Entity of these responsibilities.
 - i. Because of the legal bid limits, all cardholders must have a Single Transaction Limit (STL) of less than \$5,000, except as noted below in section C.2.
 - ii. Cardholders are prohibited from splitting a transaction between two or more transactions on a single card or two or more transactions on multiple cards on the same day or on separate days in order to circumvent the bid process and/or any Single Transaction Limit, regardless of the level.
2. Where job responsibilities require cardholders to make single purchases of \$5,000 or more:
 - i. The local Card Program Administrator can approve Single Transaction Limits over \$5,000 with the approval of the cardholder's supervisor and the APO / CUPO when the purchases will be from a statewide contract, an Agency contract, or a mandatory source. However, this approval does not apply to open-market purchases.
 - ii. The local Card Program Administrator must use Form SPD-PC003, Special Approval Request, to obtain one-time approval from the State Cards Program Manager for any single open-market purchase of \$5,000 or more.
3. Cardholders who need to make open-market purchases of \$5,000 or more must use the appropriate bid process for any purchase greater than or equal to \$5,000. Complete bid requirements are found in the Georgia Procurement Manual.
 - i. For any purchase of \$5,000 or more, cardholders must use the eQuote system or the Georgia Procurement Registry to obtain bids from the appropriate number of bidders.

- ii. One-time approval to exceed \$5,000 will be granted upon submission of proof of the competitive bid process. Transaction documentation must include evidence of the appropriate bid process and be available for audit by the State Cards Program Manager, the SPD Process Improvement unit, or Internal Audit personnel.

E. Payment of State Sales and Use Tax

1. O.C.G.A. §48-8-3(1) exempts purchases made by Agencies from State Sales and Use Tax when payment is made with appropriated funds.
2. O.C.G.A. §48-8-3(8) exempts purchases made by the Board of Regents, Colleges, and Universities from State Sales and Use Tax.
3. Cardholders must present the Department of Revenue Sales and Use Tax Exemption, Form ST-5, to merchants upon request. This form is available on the Department of Revenue web site at etax.dor.ga.gov by searching for ST-5.
4. Cardholders are responsible for ensuring that merchants do not charge tax.
 - i. If taxes are charged, the cardholder must contact the merchant to obtain a credit to the card.
 - ii. Credits cannot be obtained by any other method, including, but not limited to, cash, gift card, gift certificate, or store credit.
 - iii. Documentation of attempts to obtain credit for any State Sales and Use Tax charged in error must be maintained with the documentation for the transaction where the tax was charged.

F. Records Retention Requirements

The Office of the Secretary of State maintains the official Records Retention Schedule for the State of Georgia. This information is available on their web site at sos.georgia.gov by searching for Records Retention Schedule.

1. Documents related to transactions are accounting records and must be maintained according to the requirements of Accounts Payable Files.
2. Documents related to the issuance of cards to employees are accounting records and must be maintained according to the requirements of Credit Card Administration Records.

G. Internal Revenue Service 1099 Reporting

1. Sections 6041 and Section 6041A of Internal Revenue Service (IRS) rules require any organization, including governments, to report “reportable transactions” in excess of \$600 per year using the Form 1099-MISC. Each Entity is responsible for establishing procedures to ensure compliance with all federal laws applicable to reporting purchases from these vendors.
2. The Bank provides all Program Administrators with access to the VISA[®] Information Management System. This system reports purchases at the MCC’s that the IRS has designated as “reportable” for purposes of issuing the Form 1099.

Georgia Department of Administrative Services
State Purchasing Division

1	Emergencies, 14
1099, 19	employees, 5, 10, 13, 17, 18, 19
	Entertainment, 14
	equipment, 5, 12
A	exempt, 14
Accounts Payable, 10, 15, 19	Exempt Purchases, 14
Administrator, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18	F
Agency Procurement Officer, 7	
Airline, 13	faculty, 13
Alcoholic beverages, 14	felony, 6
APO. <i>See</i> "Agency Procurement Officer"	Food, 13, 14
approval, 6, 7, 10, 12, 13, 14, 15, 16, 17, 18, 19	Form, 8, 9, 11, 12, 13, 14, 15, 17, 18, 19
approving official, 9, 11, 15	forms, 5, 7, 10, 14
athletic teams, 13	fraud, 9
	fraudulent, 6, 8, 9
B	Fuel, 14
Bank, 5, 6, 7, 9, 11, 19	G
Bank of America, 5	
billing, 5, 9, 10, 11, 14, 15, 16	Georgia Procurement Manual, 6, 9, 11, 14, 15, 17, 18
Boards, 5, 12	Georgia Procurement Registry, 12, 16, 18
	Gift cards, 13
C	GPM. <i>See</i> "Georgia Procurement Manual"
Canceling cards, 9	Group Meal Policy, 14
cardholder	group meals, 13
cardholders, 5, 6, 8, 9, 10, 11, 12, 15, 16, 17, 18, 19	I
Cardholder Agreement, 9	
cardholders, 6, 7, 8, 9, 10, 11, 15, 16, 17, 18	Internal Revenue Service, 19
Cardholders, 11, 12, 17, 18, 19	IRS, 19
Cash, 13	L
coaches, 13	
College/University Procurement Officer, 7	limit, 12, 16
Colleges, 5, 13, 19	limits, 6, 8, 9, 12, 13, 15, 16, 18
Commissions, 5, 12	local entities, 5
counties, 5	local governments, 5
credit checks, 18	lodging, 13
Criminal background checks, 6	lost, 9, 11
CUPO. <i>See</i> "College/University Procurement Officer"	M
D	
Department of Administrative Services. <i>See</i> DOAS	MCC, 15, 19
DOAS, 5, 6, 7, 14	MCC's, 15
documentation, 9, 10, 11, 13, 14, 15, 16, 19	meals, 13
Documentation, 9, 12, 13, 14, 19	Merchant Category Codes, 15
E	misdemeanor, 6
emergencies, 14	misuse, 8, 9, 12
	municipalities, 5

Georgia Department of Administrative Services
State Purchasing Division

N

Natural Disasters, 14

State Accounting Office, 13, 14
State Authorities, 5
State Cards Program Manager, 5, 6, 7, 8, 9, 12, 13, 14, 15,
16, 17, 18, 19

O

O.C.G.A., 6, 11, 14, 17, 18, 19
Office of Fleet Management, 14
Office of Planning and Budget, 13
open-market, 18
Open-Market, 12

State Purchasing Division, 5, 6, 11, 14, 15, 17
statement, 5, 9, 10, 11, 14, 15
STL, 13, 16, 18
stolen, 9
student, 13
Supervisors, 6, 10

P

P-Card, 5, 6, 7, 8, 9, 10, 11, 12, 15, 17, 18
personal purchases, 5, 12
Process Improvement, 7, 19
Professional Development, 7
Program Administrator. *See* "Administrator"
prohibited, 11, 12, 13, 15, 18
purchases, 5, 10, 11, 12, 13, 14, 15, 16, 18, 19
purchasing card, 5, 6, 9, 10, 11, 15, 16, 18
Purchasing Card. *See* "P-Card"

T

Tax, 10, 19
Team Georgia Marketplace, 5, 12
technical schools, 5, 13
tickets, 13
Tobacco, 14
Training, 9
transportation, 13
travel, 13
Travel, 13

R

receipt, 11, 13
receipts, 9, 10, 15
rentals, 13

U

Universities, 5, 13, 19

S

services, 5, 12, 13, 14, 15
Sole Brand, 14
Sole Source, 14
SPD, 6, 7, 8, 9, 11, 12, 13, 14, 15, 17, 18, 19, *See* "State
Purchasing Division"
staff, 6, 13

V

vehicle, 7, 13
VISA, 5, 19
volunteers, 13

W

Works, 7
WorksTM, 5, 9